

82-8174

10 September 1982

MEMORANDUM FOR THE RECORD

SUBJECT: Overseas Premium Pay

1. At their request, HPSCI Staff members O'Neil, Bush, and Faga were briefed on the eligibility criteria for the proposed overseas premium by [redacted] and the undersigned on 10 September 1982. [redacted] from OEXA was also present. [redacted]

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2. Mr. Bush asked me to review for them how the Agency arrived at the need for this premium pay. I provided the background of our concern prior to 1980 in providing both some sort of incentive to compensate for the deteriorating quality of life overseas and as an inducement for willingly accepting service overseas. The need for this inducement was exacerbated by the pay increase granted foreign service employees by the Foreign Service Act of 1980. We instituted the Interim Overseas Differential (IOD) with the understanding that we would justify the need by an independent review. This review, which included Intelligence Community Agencies, proved that responsibilities of Community positions overseas were at least equal to their Foreign Service counterparts, pay inducements to compensate for the rigors of overseas service were justified, and that a premium pay similar to that provided in the private sector should be instituted. Our initial eligibility criteria, concurred in by the other Agencies, was improved upon by an OMB suggestion that we base eligibility on career commitment to overseas service (similar to that of the Foreign Service). This suggestion made good sense for CIA but provided some problems for the other agencies who preferred their prior criteria (Special Class for NSA and association with the Attache Service for DIA) as it is more useful for their particular needs. [redacted]

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REVIEWED

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4. After some discussion of NSA personnel in Unified and Specified Commands plus the SUSLO people, they seemed to understand the distinction within NSA. Very little conversation was devoted to DIA. [redacted]

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6. We were asked if our effort to justify the need for premium pay involved Community participation. I responded that NSA personnel (who had the larger share of the positions) traveled with the CIA representative and the consultants during field fact finding. It was also acknowledged that we worked closely with NSA and DIA during the development of the proposal. I also explained that we contacted the Foreign Service early on, they agreed to the Consultants interviewing their personnel in the field, were provided copies of the reports, met with the Consultants for debriefing and had reviewed our draft proposal. When asked, I pointed out that the Foreign Service decided not to endorse our effort and that I was uncertain as to the basic reasons but suspected that it was one of perceived morale factors with their communicators and secretaries, a concern over our limiting premium pay to overseas service only and, maybe, wrapped up with the on-going dialogue regarding the Domestic Telecommunications Service. Mr. Faga asked why we didn't adopt the Foreign Service salary schedule as proposed by State. [redacted]

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[redacted] He indicated that our approach was very sound. When asked, I acknowledged that we will be working with the Foreign Service to resolve their perceived difficulties and that we are scheduled to meet with them during the week of 20 September to begin this process. [redacted]

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7. Mr. Bush, in concluding, asked what we planned to do once the OMB letter with the suggestion as to eligibility criteria and admonition to work closer with the Foreign Service was received. I responded that I would recommend that the DCI respond to OMB that he accepted their suggestion, would continue to work closely with the Foreign Service to resolve any difficulties, and, with Congressional concurrence, would implement Overseas Premium Pay for Intelligence Community personnel as defined during this discussion. Mr. Bush said that he anticipated that any additional funding needed will be identified in a FY 83 supplemental. Both Jack and I sensed that HPSCI concurrence will be granted. [redacted]

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[redacted]
Deputy Director for Policy,
Analysis and Evaluation

Distribution:

- 1 - D/OP
- 1 - DD/OP
- 1 - OEXA [redacted]
- 1 - O/Comp
- 1 - ICS/O/PBC [redacted]
- 1 - SSA/DDA
- 1 - Chrono
- 1 - Subject

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Executive Secretary

82-2204/9

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503



SEP 10 1982

Honorable William J. Casey
Director of Central Intelligence
Washington, D.C. 20505

Dear Bill:

Thank you for your letter of August 5 relating to premium pay for certain intelligence community personnel assigned overseas. In line with discussions between our respective staffs, I recommend you consider awarding a differential only to those civilian intelligence personnel whose duties require a commitment to serve a substantial portion of their careers abroad. This would conform to the standard set in the Foreign Service Act of 1980 and guard against unwarranted demands for similar increases for other overseas civilian personnel.

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Adaptation of the Foreign Service commitment standard within the General Schedule framework used by the intelligence community will require careful development of eligibility criteria to insure that award of the 10% differential does not create inequities within the intelligence community or between the intelligence community and other agencies. To achieve this goal, the criteria proposed by your staff remain, for the most part, appropriate; e.g. that an employee is occupying a full-time position overseas at other than a US-like installation; that an employee is assigned overseas either from the US or from another overseas station; that NSA and DIA employees are covered only when serving in circumstances similar to those in which personnel of CIA serve. In addition, there is a need to establish clear standards and procedures for identifying those employees who are required to make a commitment to serve a substantial portion of their careers abroad.

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In so far as possible, existing statutory authority should be used to implement this approach as soon as feasible, following appropriate coordination within the intelligence community and consultation with the departments of Defense and State and with concerned Congressional committees. I appreciate your assurance of continued dialogue with OMB on this matter.

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ON FILE OMB RELEASE
INSTRUCTIONS APPLY

Sincerely,

David A. Stockman
David A. Stockman
Director

I/R-82/S-560

DERIVATIVE OF OMB/NSD/INTEL